

Page 422	Page 424
<p>1 exposure to an asbestos-containing 2 product or to conduct for which Grace has 3 legal responsibility, and the second 4 criterion is that there is little 5 likelihood of a substantial recovery 6 elsewhere?</p> <p>7 A. I don't believe that the 8 second criteria applies. I think the 95 9 percent requirement is a proxy for the 10 proposition that you don't have a 11 substantial likelihood of recovery 12 elsewhere.</p> <p>13 If you look at the 75 14 percent criteria, you will see that there 15 is little chance of a recovery elsewhere. 16 But I don't see that as applicable to the 17 95 percent criteria.</p> <p>18 Q. All right. So it is the 19 position of the Asbestos PI Committee 20 that to qualify for the eight times 21 multiplier, you need only meet one 22 criterion, namely, that the claimant's 23 exposure to asbestos was 95 percent of 24 the exposure to an asbestos-containing</p>	<p>1 actually being very helpful. 2 A. Glad to hear it.</p> <p>3 Q. So if I can just try to get 4 it again in a way that I think will be 5 helpful. All right.</p> <p>6 The last question was meant 7 to presuppose that there was a claim 8 because you can't have a multiplier 9 unless there is a claim that you are 10 multiplying.</p> <p>11 So if you make the 12 assumption that there is a claim, then is 13 it the case that the sole criterion for 14 the eight times multiplier is that the 15 claimant's exposure to asbestos was 95 16 percent (the result of exposure to an 17 asbestos-containing product or to conduct 18 for which Grace has legal responsibility)?</p> <p>19 A. The committee has no 20 position other than what's stated in the 21 IDP. First, it has to be an 22 extraordinary claim, which is defined to 23 begin with, and -- is your problem -- 24 maybe I have been misunderstanding,</p>
<p>1 product or conduct for which Grace has 2 legal responsibility?</p> <p>3 MR. FINCH: And otherwise 4 satisfy the medical criteria, yes, 5 the beginning of 5.4(a) says, 6 correct?</p> <p>7 Object to form.</p> <p>8 THE WITNESS: Well, we are 9 talking about the definition of an 10 extraordinary claim, and the 11 definition of an extraordinary 12 claim includes the medical 13 criteria by definition.</p> <p>14 So whether he was including 15 it or not, the provision -- I 16 mean, these questions -- it is the 17 position of the ACC that the IDP 18 means what it says. That's what 19 it says. The committee --</p> <p>20 BY MR. DANIEL COHN:</p> <p>21 Q. The purpose of the 22 deposition isn't to argue, but I wouldn't 23 be asking these questions if I thought 24 the answer was self-evident. So you are</p>	<p>1 Is your problem about the 2 second criteria in either case there is 3 little likelihood of a substantial 4 recovery elsewhere, the fact that that 5 could be read as included within the 6 definition of extraordinary claim to 7 begin with? Is that the problem?</p> <p>8 Q. And could be interpreted as 9 applying to the 95 percent as well as to 10 the 75 percent?</p> <p>11 A. Okay. I didn't understand 12 why you were asking that question.</p> <p>13 Q. Would you like me to then 14 try to ask it in a way that would make 15 you comfortable answering yes or no?</p> <p>16 A. I actually think, if that's 17 the question, that you ought to ask 18 Mr. Indiana that.</p> <p>19 Q. Okay.</p> <p>20 A. Because there is an arguably 21 ambiguity about that, which I did not 22 understand initially. And, as I sit here 23 right now, I can't tell you what the 24 committee's position is on that. So I</p>

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1 would have to, I guess, retract some of
 2 my previous testimony on that subject.

3 (There was a discussion held
 4 off the record at this time.)

5 MR. DANIEL COHN: Let's go
 6 back on the record.

7 BY MR. DANIEL COHN:

8 Q. Would it be fair to say that
 9 most of the holders of asbestos PI
 10 claims -- strike that.

11 Would it be fair to say that
 12 most asbestos PI claims are based upon
 13 exposure to Grace's asbestos-containing
 14 products as opposed to exposure to
 15 asbestos generated through Grace's
 16 operations?

17 MS. HARDING: Object to
 18 form.

19 THE WITNESS: When you say
 20 most of the claims, I take it you
 21 are referring to most of the
 22 claims for which POCs have been
 23 filed in the bankruptcy or most of
 24 the -- are you referring to most

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1 of the claims which could be
 2 brought to the Trust? What
 3 specific claims are we talking
 4 about?

5 BY MR. DANIEL COHN:

6 Q. Well, if you can answer,
 7 most of the claims that are expected to
 8 be brought to the Asbestos PI Trust,

9 MS. HARDING: Object to
 10 form.

11 THE WITNESS: I don't think
 12 that the committee has ever
 13 attempted to analyze or project
 14 claims against Grace on the basis
 15 of whether or not they are
 16 products claims or non-products
 17 claims. That's just not something
 18 that the committee -- committee
 19 of this sort of the Grace
 20 committee normally does, and I
 21 don't believe we have done it.

22 On a sort of impressionistic
 23 level, I guess I would probably
 24 assume that most of the claims

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1 would be, quote, product claims
 2 based on my understanding of how
 3 that claim is used in insurance
 4 law terminology.

5 BY MR. DANIEL COHN:

6 Q. And is it the case that the
 7 typical holder of a products claim will
 8 have been exposed not only to Grace's
 9 asbestos-containing products but to
 10 asbestos-containing products of other
 11 manufacturers?

12 MS. HARDING: Object to
 13 form.

14 MR. FINCH: Object to form.

15 THE WITNESS: Again, that
 16 presupposes an analysis of the
 17 Grace claims that, to my
 18 knowledge, nobody has ever done
 19 before and expectations which
 20 nobody has ever had any reason to
 21 have expectations on before.
 22 I think it is sort of
 23 commonly accepted in sort of the
 24 asbestos arena that companies who

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1 manufacture and distribute
 2 asbestos-containing products and
 3 who don't have a contracting
 4 function, subsidiary, affiliate
 5 division, are likely to have
 6 substantially more products claims
 7 than they have non-products
 8 claims.

9 But, again, I am not an
 10 expert on that subject. And
 11 nobody has ever done any analysis
 12 of the Grace claims history for
 13 the purpose of trying to figure
 14 out in the past how the claims
 15 broke down, and so there is really
 16 not much specific information
 17 available on that subject.

18 BY MR. DANIEL COHN:

19 Q. So despite your having been
 20 involved in -- let me strike that.

21 On how many asbestos cases
 22 have you been involved in approximately?

23 MS. HARDING: Object to
 24 relevancy.

109 (Pages 430 to 433)

Page 430	Page 432
1 MR. FINCH: Yes. Object to 2 relevancy.	1 with products claims for the moment. 2 If a person was exposed to 3 Grace's products, would it be the usual 4 case that the same person was also 5 exposed to asbestos-containing products 6 of other manufacturers?
3 THE WITNESS: 20 plus or 4 minus, assuming by as asbestos 5 case, you mean asbestos bankruptcy 6 cases.	7 MS. HARDING: Object to 8 form.
7 BY MR. DANIEL COHN: 8 Q. That's what I meant, yes. 9 And --	9 MR. FINCH: Object to form. 10 THE WITNESS: I am not an 11 expert on this subject. Do you 12 want my personal inexpert 13 understanding? My impression is 14 that most people in the building 15 construction trades, which is 16 where a lot of Grace product was 17 used, are exposed to products of 18 more than one manufacturer of 19 asbestos-containing building 20 products. That's about all I can 21 give you.
10 MR. FINCH: Class action. 11 BY MR. DANIEL COHN: 12 Q. And in the course of that, 13 you have not reached the point of being 14 able to be comfortable about the nature 15 of the typical products claim?	22 BY MR. DANIEL COHN: 23 Q. And that person in the tort 24 system would have the right to sue all
16 MS. HARDING: Object to 17 form. 18 MR. FINCH: Object to form. 19 THE WITNESS: The typical 20 products claim, I am not sure 21 there is such a thing. I mean, in 22 the Armstrong World Industry case, 23 they had a contracting subsidiary, 24 and there were a whole lot of	
1 non-products claims at issue in 2 that case. A C & S, there was a 3 dispute with Travelers as to 4 whether or not the products claims 5 were a hundred percent, 45 6 percent, or zero percent. 7 So you could say I suppose. 8 The typical non-product claim is 9 being around -- either installing 10 or being around somebody who was 11 installing asbestos.	1 the manufacturers to whose products he 2 had been exposed? 3 MR. FINCH: Object to form. 4 Where in your 30(b)(6) deposition 5 notice is the topic that would be 6 relevant to these questions?
12 BY MR. DANIEL COHN: 13 Q. Right. I was really 14 asking. 15 A. Premises claims for 16 manufacturers and distributors, which is 17 another kind of non-products claim, as I 18 in my non-expert capacity, understand it, 19 are, I think, generally thought to be 20 significantly less prevalent, 21 particularly because of workers' 22 compensation law and the statutory bar 23 associated with that.	7 MR. DANIEL COHN: The nature 8 of the claims against Grace is one 9 of the topics. 10 MR. FINCH: This is pretty 11 far afield. You are asking him 12 what he knows about asbestos 13 claims generally from undefined, 14 undescribed manufacturers at some 15 unspecified time. 16 MR. DANIEL COHN: I am 17 asking about asbestos PI claimants 18 against Grace, but I am asking 19 about what other claims they would 20 have, yes.
24 Q. Let me for the moment stay	17 THE WITNESS: I want to make 18 it perfectly clear that I am doing 19 my best to answer your questions, 20 but I do not regard myself as

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IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In Re: : Chapter 11
: :
: Case No.
W.R. GRACE & CO., et al, : 01-01139 JKF
: :
: (Jointly
Debtors : Administered)

Monday, May 4, 2009

- - -
Continuation of oral
deposition of PETER VAN N. LOCKWOOD,
ESQUIRE, taken pursuant to notice, was
held at the offices of CAPLIN & DRYSDALE,
One Thomas Circle N.W., Suite 1100,
Washington, DC 20005, commencing at
12:05 p.m., on the above date, before
Lori A. Zabielski, a Registered
Professional Reporter and Notary Public
in and for the Commonwealth of
Pennsylvania.

- - -
MAGNA LEGAL SERVICES
Seven Penn Center
1635 Market Street
8th Floor
Philadelphia, Pennsylvania 19103

10 (Pages 482 to 485)

Page 482	Page 484
<p>1 MR. FINCH: Let's go off the 2 record. 3 (There was a discussion held 4 off the record at this time.) 5 MR. FINCH: Back on the 6 record. 7 THE WITNESS: Mr. Finch 8 reminded me that, as I testified 9 on Friday, there are certain 10 provisions of the TDP that are 11 unique to this TDP and, therefore, 12 have not been the subject of prior 13 experience with other trusts and, 14 in particular, Sections 5.12 and 15 5.13, which I testified about at 16 some length. 17 I have probably had at least 18 as great, if not a greater, role 19 in the creation of those sections 20 that Mr. Inselbuch did. So I 21 don't know -- to suggest that 22 there are no questions that you 23 can ask about the TDP, that I 24 might not have as much or more</p>	<p>1 what I would regard as insurance law, 2 including a fair amount about 3 comprehensive or CGL policies. 4 Q. And do you understand, at 5 least in general terms, the distinction 6 between products/completed operations 7 claims, on the one hand, and 8 non-products/non-completed operations 9 claims, on the other? 10 MR. FINCH: Object to form. 11 MS. DeCRISTOFARO: Object to 12 form. 13 MR. FINCH: Why don't you 14 define it so he knows exactly what 15 you are talking about. 16 You can answer. Object to 17 form. 18 THE WITNESS: If you are 19 using those terms as they are used 20 in comprehensive general liability 21 policies, I think I have a general 22 understanding of that, but I 23 certainly would not profess to be 24 an expert on the subject.</p>
<p>1 knowledge than Mr. Inselbuch. 2 But, by and large, the provisions, 3 such as Section 5.10, that we were 4 just discussing that are fairly 5 what I would call standard TDP 6 provisions, my answer stands, that 7 he would be more knowledgeable on 8 those than I would. 9 BY MR. COHN: 10 Q. Thank you. 11 In that case, let's turn to 12 insurance. Have you had occasion to 13 familiarize yourself with Grace's 14 insurance coverage for asbestos PI 15 claims? 16 A. Only at a pretty general 17 level as was demonstrated on Friday. 18 Q. Are you generally familiar 19 with comprehensive general liability 20 insurance? 21 A. In the course of my work in 22 these bankruptcy cases over the last 15 23 or 20 years, I have had occasion to learn 24 in a non-expert capacity a fair amount of</p>	<p>1 BY MR. COHN: 2 Q. And would you mind if when I 3 refer to products/completed operations 4 claims under a standard CGL policy, if I 5 just use the term "products claims"? 6 A. That's fine. 7 Q. And would you mind if when I 8 refer to non-products/non-completed 9 operations claims under a standard CGL 10 policy, if I just call them "non-products 11 claims"? 12 A. That's fine. 13 MR. SCHIAVONI: We will 14 object, though, Dan. 15 BY MR. COHN: 16 Q. Is it your understanding -- 17 strike that. 18 Is it the understanding of 19 the Asbestos PI Committee that the Libby 20 claims hold non-products claims? 21 A. I don't think the Asbestos 22 Claimants Committee has an understanding 23 on that subject. We understand that the 24 Libby claimants contend that they have</p>

11 (Pages 486 to 489)

Page 486	Page 488
1 non-products claims	1 committee knows from public 2 sources. He is not testifying 3 about the committee's work product 4 or what communications may be 5 privileged between the committee 6 members, on the one hand, and 7 counsel, on the other.
Q. Is it the committee's understanding that other asbestos PI claimants besides the Libby claimants hold non-products claims?	MR. SCHIAVONI: He's testifying about -- he's a lawyer. He's testifying about what a lawyer thinks and what a group of lawyers think --
MR. SCHIAVONI: I object to form; again, vague and ambiguous with regard to the committee.	MR. FINCH: No, he is not.
Mr. Cohn, are you asking whether your own clients understand this or by majority vote or before -- how?	MR. SCHIAVONI: -- about a legal issue.
MR. COHN: Thank you, Mr. Schiavoni.	MR. FINCH: No, he is not.
You may answer the question.	MR. SCHIAVONI: All right. We can brief it later.
THE WITNESS: It is the committee's understanding that there are an unknown number of present and future claimants whose --	THE WITNESS: The committee's position, to my knowledge, on this subject has been expressed in briefs filed in the court, and I will reiterate that position as expressed in
MR. SCHIAVONI: We also object, that the question calls for waiver of the attorney-client privilege and any common interest	
privilege.	briefs filed in the court, which is that at some theoretical level, since the committee has not undertaken to any sort of specific factual investigation on this subject, that there are or could be claims that under CGL non-products limits would be for insurance purposes covered by the same CGL coverage that Libby claimants' claims are, i.e. under non-products coverage if the Libby claimants' claims are covered by non-products coverage.
MR. FINCH: We disagree with that assertion. He didn't ask about communications with the committee or its counsel.	The point being that the committee's position is that whatever the Libby claimants assert to be the unique or identifying characteristics of their claims that would bring them under the, quote, non-products, close quote, coverage of certain Grace CGL policies, that there are other claimants who either have or
Read back the question. (The reporter read from the record as requested.)	
MR. FINCH: To the extent you can answer that without revealing privileged communications, you may do so. I don't think it calls for privileged communications on its face.	
MR. SCHIAVONI: Again, we take the position that this constitutes the comprehensive waiver, to the extent you are testifying about the understanding of the committee.	
MR. FINCH: No. He's testifying about the position of the committee and what the	

14 (Pages 498 to 501)

Page 498	Page 500
<p>1 Q. I hand you a document that 2 has been marked as ACC 30(b)(6)-18, and 3 for the information of those in the room 4 (and on the telephone, this is Exhibit 8 5 from the Plan Exhibit Book, namely the 6 Best Interest Analysis. 7 A. I have it. 8 Q. Now, in that document, Grace 9 places a value of \$500 million on Grace's 10 unsettled insurance rights.</p> <p>11 Does the asbestos personal 12 injury – strike that.</p> <p>13 Does the Asbestos PI 14 Committee agree with that figure?</p> <p>15 MR. FINCH: Object to form. 16 MS. BAIER: Objection. 17 MR. FINCH: And object on 18 privilege grounds and instruct 19 witness not to answer to the 20 extent that that would divulge the 21 disclosure of privileged 22 communications for or work product 23 communications. 24 If you have an understanding</p>	<p>1 application of a Bankruptcy 2 Chapter 7 liquidation test. 3 BY MR. COHN: 4 Q. Would the Asbestos PI 5 Committee agree that that figure, namely 6 the \$500 million value, represents the 7 best available figure for purposes of 8 Plan confirmation? 9 MR. FINCH: Object to form, 10 mischaracterizes prior testimony. 11 THE WITNESS: I don't even 12 know what you mean for purposes of 13 Plan confirmation. 14 It's proffered, as I 15 understand it, for a very limited 16 purpose, determining what would 17 happen in the event of a 18 hypothetical Chapter 7 liquidation 19 as compared with what is projected 20 to happen in this proposed Chapter 21 11 reorganization. 22 As proposed as a projection 23 for that purpose and given that 24 the committee is a Plan proponent,</p>
Page 499	Page 501
<p>1 independent of that based on 2 things that you have learned or 3 the committee has learned from 4 sources not protected by the 5 privilege, you can answer. 6 MS. BAIER: I will object to 7 form. It assumes things not in 8 the record.</p> <p>9 THE WITNESS: All the 10 committee knows about this is set 11 forth in Note D to this exhibit, 12 which specifies that the insurance 13 recovery is based on the current 14 book value of the insurance asset 15 (\$500 million). The Note goes on 16 to say that the ultimate amount of 17 the insurance received will depend 18 on a number of factors, and then 19 lists the factors. 20 This is a document that was 21 prepared by Grace, and the 22 committee has accepted it from 23 Grace as being what it purports to 24 be: Grace's analysis of the</p>	<p>1 I take it, it is fair to say that 2 the committee has accepted that 3 number as described for that 4 purpose. 5 BY MR. COHN: 6 Q. Who drafted the Asbestos 7 Insurance Entity Injunction? 8 A. That was the product of a 9 group effort along with the rest of the 10 Plan. I don't recall who crafted the 11 first draft of what is ultimately in the 12 Plan. 13 Q. What is the purpose of the 14 Asbestos Insurance Entity Injunction? 15 A. My understanding of the 16 purpose is that its principal rationale 17 is that there is a variety of types of 18 insurance rights that are being 19 transferred to the Trust for the benefit 20 of all Trust beneficiaries as part of 21 what I will call the deal reflected in 22 this Plan. 23 In order to prevent 24 individual Trust beneficiaries from</p>

15 (Pages 502 to 505)

Page 502	Page 504
<p>1 seeking disproportionate shares of 2 insurance through direct actions or 3 otherwise, the injunction was crafted in 4 I might add, many earlier cases than this 5 one, perhaps not in precisely the same 6 language, but the concept has been around 7 for a while, to protect the Trust and its 8 beneficiaries from having people do what 9 I would call jumping the queue in getting 10 disproportionate or attempting to get 11 disproportionate shares of insurance that 12 should be shared by all.</p> <p>13 MR. COHN: Let's go off the 14 record for a second. 15 (There was a discussion held 16 off the record at this time.)</p> <p>17 BY MR. COHN:</p> <p>18 Q. Directing your attention to 19 what has been marked ACC 30(b)(6) 20 Exhibit-4.</p> <p>21 A. Yes.</p> <p>22 Q. Namely, the Asbestos 23 Insurance Transfer Agreement?</p> <p>24 A. Yes.</p>	<p>1 Injunction.</p> <p>2 Q. So the Asbestos PI Trust 3 will not end up holding -- strike that. 4 Would the committee agree 5 that the Asbestos PI Trust will not end 6 up holding claims of individual asbestos 7 PI claimants against insurers for their 8 own misconduct?</p> <p>9 MS. BAIER: Objection to 10 form.</p> <p>11 MR. SCHIAVONI: Objection to 12 form, and, in addition, I would 13 say that the question calls for 14 the waiver of privilege. And I 15 would also ask Mr. Cohn that you 16 identify the topic of on your 17 30(b)(6) notice that this is 18 responsive to.</p> <p>19 MS. BAIER: I would also 20 object to form, especially to the 21 word "holding." 22 I think it mischaracterizes 23 what the testimony has been and 24 confuses the issue by asking what</p>
Page 503	Page 505
<p>1 Q. Which is Exhibit-6 to the 2 Plan Exhibit Book.</p> <p>3 A. Yes.</p> <p>4 Q. Does that agreement assign 5 to the Asbestos PI Trust the claims of 6 individual asbestos PI claimants against 7 insurers for their own misconduct?</p> <p>8 MR. FINCH: Object to form.</p> <p>9 MR. SCHIAVONI: Objection to 10 form.</p> <p>11 THE WITNESS: I don't 12 believe this agreement assigns 13 claims to the Trust at all. This 14 agreement assigns insurance 15 rights, according to my 16 understanding of the agreement. 17 How claims wind up in the Trust is 18 by the Asbestos Permanent 19 Channelling Injunction.</p> <p>20 BY MR. COHN:</p> <p>21 Q. So --</p> <p>22 A. And the Asbestos Insurance 23 Injunction indirectly, perhaps. But 24 primarily Asbestos Permanent Channelling</p>	<p>1 the Trust holds. I don't think 2 the Trust holds things.</p> <p>3 MR. FINCH: I object to 4 form. I disagree that it calls 5 for privileged information.</p> <p>6 MR. COHN: With that, would 7 the witness do his best.</p> <p>8 THE WITNESS: The Trust 9 certainly isn't going to hold any 10 claims. It's going to have claims 11 asserted against it. The people 12 that hold the claims are the 13 claimants.</p> <p>14 With respect to this, the 15 question about whether claims 16 involving the, quote, I think you 17 phrased it, independent tort 18 liability of insurers, close 19 quote, the problem I have 20 answering that question is that it 21 attempts to summarize in a single 22 phrase, which does not necessarily 23 have a precise legal meaning, a 24 complicated set of questions.</p>

16 (Pages 506 to 509)

Page 506	Page 508
<p>1 having to do with how the Asbestos 2 Permanent Channelling Injunction 3 works. 4 The provisions in the 5 Asbestos Permanent Channelling 6 Injunction are very complex. As a 7 general proposition, however, I 8 would say that the claims that are 9 being channelled to the Asbestos 10 Personal Injury Trust are claims 11 that are against the Debtors or 12 against various other entities 13 defined as asbestos-protected 14 parties that arise in the manner 15 that satisfies the requirements of 16 Section 524(g), which has very 17 specific language about what can 18 and cannot be channelled to an 19 Asbestos Personal Injury Trust 20 under that section. 21 What you are, in effect, 22 trying to ask is does the phrase 23 you have used fit within or 24 without the terminology of Section</p>	<p>1 committee member. 2 MR. COHN: It's covered by 3 several of the topics, and I would 4 really like to just go on. 5 BY MR. COHN: 6 Q. So the question is, will 7 claims of individual asbestos PI 8 claimants against insurers for their own 9 misconduct be an asset of the Asbestos PI 10 Trust? 11 MS. BAIER: Objection. 12 MR. FINCH: Objection to 13 form. 14 MR. SCHIAVONI: I would 15 object, asked and answered. 16 And I would remind 17 Mr. Lockwood he has addressed this 18 issue in other cases like 19 Pittsburgh Corning and to the 20 extent you need to go any further 21 here, I think it raises a whole 22 host of issues about waiver. 23 MS. DeCRISTOFARO: Note my 24 objection, too.</p>
<p>1 S24(g) where the term as such is 2 not used. So I can't really 3 answer the question yes or no as 4 stated. 5 All I can tell you is that 6 the Asbestos Permanent Channelling 7 Injunction, in my understanding, 8 is not intended to channel to the 9 Trust claims that Section 524(g) 10 does not authorize to be 11 channelled to the Trust. 12 BY MR. COHN: 13 Q. All right. We have gone a 14 little afield from the question, so if I 15 can go back and ask what I meant to, and 16 let's try it again. 17 MR. SCHIAVONI: Again, 18 Mr. Cohn, we would ask you to 19 identify in the notice where it is 20 you identify this as a topic, 21 because to the extent Mr. Lockwood 22 is not designated by the committee 23 on it, it's not really a proper 24 question to pose to him by another</p>	<p>1 THE WITNESS: Would you read 2 back the question, please? 3 (The reporter read from the 4 record as requested.) 5 MS. DeCRISTOFARO: 6 Objection. 7 MR. FINCH: Objection. 8 THE WITNESS: As phrased, 9 the answer to that question is 10 unequivocally no. 11 MR. COHN: Thank you. 12 BY MR. COHN: 13 Q. Now, directing your 14 attention to the Asbestos Insurance 15 Entity Injunction, if an asbestos PI 16 claimant has a claim against an insurer 17 based on the insurer's own alleged 18 misconduct, does the Asbestos Insurance 19 Entity Injunction bar him from asserting 20 that claim? 21 MR. FINCH: Objection. 22 MR. SCHIAVONI: Objection, 23 calls for a legal conclusion and 24 objection to form and the other</p>

19 (Pages 518 to 521)

1 litigation concerning the applicability
 2 of and injunction similar to the Asbestos
 3 Insurance Entity Injunction in any other
 4 case?

5 MR. WISLER: Can you repeat
 6 that? I didn't hear you, Dan.

7 BY MR. COHN:

8 Q. Are you aware of any
 9 litigation concerning the scope of the
 10 asbestos or an injunction similar to the
 11 Asbestos Insurance Entity Injunction in
 12 any other case?

13 A. The only litigation that I
 14 am aware of that's remotely similar --
 15 and I don't profess to know all the
 16 litigation that might be floating around
 17 out there -- is actually litigation over
 18 an entity that is closer to the Asbestos
 19 Permanent Channeling Injunction. And
 20 it's the Travelers injunction that's
 21 presently before the United States
 22 Supreme Court. To be more specific, it's
 23 the Manville injunction that Travelers is
 24 litigating about.

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Page 520

1 asbestos personal injury claims against
 2 or arising out of Grace is something that
 3 has to be channelled to the Trust because
 4 it fits within the definition of an
 5 asbestos personal injury claim under
 6 524(g), and that in order that Grace be
 7 protected from such indemnity claims, the
 8 roughly \$3 billion that Grace and various
 9 related parties are paying to this Plan
 10 is, in part, on behalf of those settled
 11 insurers.

12 So if the question means is
 13 Maryland Casualty Company paying
 14 something over and above what Grace is
 15 paying, the answer is not to my
 16 knowledge.

17 Q. Is there a benefit to the
 18 Grace Bankruptcy Estate or to the
 19 Asbestos PI Trust from having the
 20 Asbestos PI Channeling Injunction
 21 protect Maryland Casualty Company?

22 MR. FINCH: Object to that
 23 question to the extent that it
 24 calls for speculation.

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Page 521

1 Q. Has Maryland Casualty
 2 Company paid or agreed to pay any money
 3 or other consideration in order to be
 4 covered by the Asbestos PI Channeling
 5 Injunction?

6 A. Well, that depends on how
 7 you use the term "pay."
 8 (The basis, which I take it)
 9 which is what you are asking for, for
 10 Maryland Casualty being a protected party
 11 to this Plan is that in the past,
 12 Maryland Casualty Company has paid a lot
 13 of money to Grace and entered into a
 14 settlement agreement with Grace which
 15 releases that coverage and which Grace
 16 indemnifies it against claims.

17 As I testified, I believe,
 18 on Friday, Grace, as part of this deal,
 19 Grace has had two positions that it has
 20 taken that we have -- we being the
 21 committee and its representative --
 22 accepted. Number one is a claim for
 23 indemnity from a settled insurer based on
 24 claims against that insurer that are

1 Mr. Wisler: Could you read
 2 the question back, please?

3 MR. SCHIAVONI: Objection to
 4 form; objection, calls for waiver;
 5 objection, calls for legal
 6 conclusion.

7 MR. FINCH: I disagree that
 8 it calls for waiver.

9 But you can answer.

10 THE WITNESS: Could you
 11 reread the question?

12 MR. COHN: Let's go off the
 13 record for a second.

14 (There was a discussion held
 15 off the record at this time.)

16 (The reporter read from the
 17 record as requested.)

18 Mr. Wisler: I object to
 19 form.

20 THE WITNESS: Yes.

21 BY MR. COHN:

22 Q. What is that benefit?

23 MR. FINCH: You can answer
 24 the question to the extent that it

20 (Pages 522 to 525)

	Page 522		Page 524
1	doesn't reveal privileged or work	1	Mr. Schiavoni for Arrowood.
2	product information.	2	We join your objection, and we
3	THE WITNESS: The benefit to	3	would also say this is outside the
4	the Grace Estate is that it	4	scope of the designation and that
5	eliminates potential claims by	5	Mr. Lockwood doesn't have to
6	Maryland Casualty Company against	6	answer every single question no
7	the Debtor and its Estate. That's	7	matter what it is. This is not in
8	the benefit.	8	the designation.
9	BY MR. COHN:	9	MR. FINCH: Can we hear back
10	Q. Is there any agreement	10	the question?
11	between Grace and Maryland Casualty	11	(The reporter read from the
12	Company which requires Grace to indemnify	12	record as requested.)
13	Maryland Casualty Company for its own	13	THE WITNESS: In my
14	misconduct?	14	understanding, there is an
15	MR. FINCH: Objection to the	15	agreement between Grace and
16	extent that calls for a legal	16	Maryland casualty company which
17	opinion. And object to the extent	17	contains indemnification
18	that there is information	18	provisions. I am not in a
19	responsive to this question that's	19	position to express an opinion on
20	privileged, I instruct you not to	20	what the scope of that
21	answer if it would reveal	21	indemnification is, much less
22	privileged communications.	22	whether or not Grace and Maryland
23	If you can answer the	23	Casualty agree on what the scope
24	question without revealing	24	of that indemnification is.
	Page 523		Page 525
1	privileged communications, you can	1	BY MR. COHN:
2	do so --	2	Q. Is it the position of the
3	MR. SCHIAVONI:	3	Asbestos PI Committee that if the
4	Mr. Lockwood, I think --	4	indemnification provisions are construed
5	MR. FINCH: Thank, let me	5	to protect Maryland Casualty from its own
6	finish.	6	misconduct, that such provisions would be
7	MR. SCHIAVONI: Oh, I am	7	enforceable?
8	sorry.	8	MR. FINCH: Object to form,
9	MR. FINCH: But I still	9	calls for a legal conclusion.
10	object to the extent that it calls	10	THE WITNESS: It actually
11	for a legal opinion.	11	calls for speculation.
12	MS. BAIER: I also object.	12	MR. FINCH: That, too.
13	You have asked Mr. Lockwood	13	THE WITNESS: In addition.
14	whether he knows about -- you	14	The committee's
15	haven't asked him about whether he	15	understanding of the way this Plan
16	knows. You asked him is there an	16	works, which is what expresses the
17	agreement between Grace and	17	committee's position, is that it's
18	Maryland Casualty Company. I	18	a legal question which, assuming
19	object to the form. You are now	19	that a dispute on this subject
20	asking Mr. Lockwood to get into	20	arises at some point in the
21	the head of W.R. Grace.	21	future, will be determined by
22	MR. SCHIAVONI: I am sorry,	22	litigation over, A, what exactly
23	Mr. Finch. I didn't mean to	23	is the basis for the claim against
24	interrupt you before.	24	Maryland Casualty, legal and

24 (Pages 538 to 541)

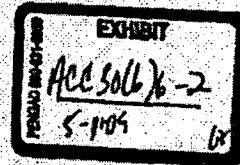
Page 538	Page 540
<p>1 understand how -- Grace's 2 consideration is a lump sum of 3 stuff, notes, cash, warrants, 4 insurance, what have you. 5 And, as I analyzed it 6 earlier, it's the committee's 7 stated position that the statute 8 allows Grace under those 9 circumstances to designate 10 insurers that it settled with and 11 have indemnity claims for 12 protection against asbestos 13 personal injury claims in the 14 future.</p> <p>15 I don't know any basis on 16 which a court could say that, 17 these 12 asbestos settled insurers 18 are just okeydoke to get 19 protection under that approach, 20 but Insurer Y, for some reason or 21 another, isn't. So I can't even 22 speculate what your hypothetical 23 would entail, much less what its 24 consequences would be.</p>	<p>1 or wasn't properly settled or 2 whatever, at that point, I 3 don't -- the Plan does not purport 4 to provide blanket protection. 5 It provides protection for 6 claims that fit within the 7 definitions of the Plan, and if 8 somehow or another the court 9 determines that some particular 10 claim doesn't fit within the 11 definitions of the claims that 12 either are or legally can be under 13 524(g) channelled to the Trust, 14 then, in my opinion, that would 15 not result in the Plan failing a 16 condition of the sort I talked 17 about earlier. Whether or not 18 there could be other consequences 19 of such a ruling is a different 20 matter.</p> <p>21 BY MR. WISLER: 22 Q. Let's talk about that 23 because you just described the 24 possibility that the court could rule</p>
<p>1 BY MR. WISLER: 2 Q. So in the ACC's view, all 3 the settled asbestos insurance companies 4 sort of ride together in terms of whether 5 they are entitled to 524(g) protection?</p> <p>6 MR. FINCH: Objection, 7 mischaracterizes prior testimony; 8 object to the form.</p> <p>9 MR. WISLER: If I 10 mischaracterize it, please 11 clarify.</p> <p>12 THE WITNESS: The only 13 caveat I would say to that is the 14 one that we spent some time 15 dancing around with Mr. Cohn 16 earlier, that if there was some 17 sort of ruling that some certain 18 claims couldn't properly be 19 channelled against a particular 20 insurer while other claims could 21 be, i.e. his notional independent 22 tort claims versus claims that are 23 clearly asbestos PI claim that 24 says the coverage isn't exhaustive</p>	<p>1 that some certain claims, in your words, 2 were not properly channelled. 3 Is it the ACC's position 4 that indemnity claims of a settled 5 asbestos insurance company would result 6 from those some certain claims would then 7 no longer be classified as Class 6 and 8 channelled to the Trust? 9 MR. FINCH: Objection, form. 10 MS. BAIER: Can you read 11 that over, please? 12 (The reporter read from the 13 record as requested.) 14 MS. BAIER: Objection as to 15 form. 16 THE WITNESS: If I 17 understand the question and 18 speaking at a somewhat high level 19 of generality, if a claim against 20 a settled insurer were ruled not 21 to be channelled to the Trust in 22 the first instance, because it 23 didn't fit within -- because of 24 one of two reasons: Either it</p>

25 (Pages 542 to 545)

Page 542	Page 544
<p>1 didn't fit within the definition 2 or alternatively, even though it 3 might be read to fit within the 4 definition, it could not be under 5 Section 524(g) so channelled, you 6 just weren't legally permitted to 7 do so, and the claim went forward, 8 and an indemnity claim were to 9 arise out of that claim, then it 10 is the position of the ACC that 11 that indemnity claim would not be 12 a Class 6 claim, because, by 13 definition, it didn't arise out of 14 an asbestos personal injury claim. 15 It arose out of something that the 16 Court had decided since it wasn't 17 channelled was, by definition, not 18 an asbestos personal injury claim.</p>	<p>1 You can answer. 2 THE WITNESS: I don't know 3 that the ACC has a position on 4 what kind of claim it would be at 5 that point. 6 MR. WISLER: Okay. Thank 7 you.</p>
	EXAMINATION
	<p>11 BY MR. MANGAN:</p> <p>12 Q. Mr. Lockwood, Kevin Mangan 13 on behalf of the State of Montana. I 14 have a few follow-up questions from 15 Mr. Cohn.</p> <p>16 Specifically, I am going to 17 refer you to ACC Document 11, which is 18 Exhibit-4. It's the TDP.</p> <p>19 A. Yes, sir.</p> <p>20 Q. If you could flip to Section 21 5.7?</p> <p>22 A. Section 5.7 of the TDP.</p> <p>23 Q. Correct.</p> <p>24 A. Evidentiary Requirements?</p>
Page 543	Page 545
<p>1 if what you mean by is in agreement with 2 it, we are sponsoring a Plan of which 3 it's an exhibit. So I guess you could 4 say we are in agreement with it.</p> <p>5 MR. WISLER: That's all I 6 have. Thank you, Mr. Lockwood.</p> <p>7 MR. MANGAN: Hello. This is 8 Kevin Mangan on the phone.</p> <p>9 MR. WISLER: One second, 10 please.</p> <p>11 MR. MANGAN: Sure, Jeff.</p> <p>12 MR. WISLER: I am sorry. 13 Just one follow-up. I apologize.</p> <p>14 BY MR. WISLER:</p> <p>15 Q. Mr. Lockwood, in response to 16 my next-to-the-last question, you 17 testified that the claim we were 18 discussing -- and I am not going to try 19 to repeat all the words -- would not be a 20 Class 6 claim.</p> <p>21 Is it the ACC's position 22 that it would then under this Plan be a 23 Class 9 claim?</p> <p>24 MR. FINCH: Object to form.</p>	<p>1 Q. Right. Specifically, 2 5.7(a)(1).</p> <p>3 A. Correct.</p> <p>4 Q. If you could take a second 5 and take a look at that.</p> <p>6 A. Including the subsections 7 (a), (b) and (c) or just the lead in 8 (a)(1)?</p> <p>9 Q. Just (a)(1).</p> <p>10 A. Okay.</p> <p>11 Q. You see the (a)(1) requires 12 a ten-year latency period.</p> <p>13 A. Correct.</p> <p>14 Q. The period between the first 15 exposure and diagnosis.</p> <p>16 Why a ten-year latency 17 period?</p> <p>18 A. It's my understanding that 19 that is generally considered by the 20 medical profession to be the minimum 21 latency period for asbestos-related 22 diseases to manifest themselves.</p> <p>23 Q. And is that how that number 24 came up with, to the best of your</p>

Page 558	Page 560
<p>1 And that scenario to me appears to 2 be extraordinarily unrealistic, if 3 not impossible.</p> <p>4 BY MS. CASEY:</p> <p>5 Q. I would like you to turn to 6 Exhibit ACC Exhibit-11.</p> <p>7 MR. FINCH: The TDP?</p> <p>8 MS. CASEY: Yes, the TDP.</p> <p>9 THE WITNESS: Okay. I have 10 it.</p> <p>11 BY MS. CASEY:</p> <p>12 Q. And specifically 5.12.</p> <p>13 A. I have it.</p> <p>14 Q. Okay. 5.12 by its terms 15 applies to claims that BNSF and others 16 would have against settled asbestos 17 insurance companies. Let me ask an 18 initial question.</p> <p>19 It is the ACC's position 20 that the Asbestos Insurance Entity 21 Injunction also enjoins asbestos claims 22 as defined by the Plan from being 23 asserted against unsettled asbestos 24 insurance companies, correct?</p>	<p>1 regarding cash portion. I am not sure I 2 understand the basis for saying that the 3 channelling of the indemnification claims 4 constitutes a substantial contribution to 5 the Plan or a benefit to the Plan, to the 6 asbestos claimants.</p> <p>7 Can you explain how that 8 constitutes a benefit?</p> <p>9 MR. FINCH: Objection, 10 mischaracterizes prior testimony.</p> <p>11 THE WITNESS: I don't 12 believe I testified that that was 13 a benefit to the Trust.</p> <p>14 The channelling of the 15 claims, the indemnity claims, 16 against Grace, I testified was a 17 benefit to the Grace Estate.</p> <p>18 The statute, in general, 19 says that a protected party has to 20 have something contributed on its 21 behalf to the Trust in exchange 22 for the injunction. That's a very 23 broad paraphrase to the statute. 24 So the protection for the</p>
<p>1 A. In general, that's true. 2 The language is very specific as to what 3 kind of claims that it enjoins against 4 non-settled insurers, but subject to the 5 caveat that you have to look at the 6 definition to know exactly which kind of 7 claims you are talking about, yes.</p> <p>8 Q. Does the TDP have a 9 provision by which BNSF Railway can 10 assert its enjoined claims against the 11 unsettled asbestos insurance companies?</p> <p>12 MR. SCHIAVONI: Objection to 13 form.</p> <p>14 THE WITNESS: At the moment, 15 I can't think of anything.</p> <p>16 BY MS. CASEY:</p> <p>17 Q. Okay. My final questions 18 concern the contribution that Grace is 19 allegedly providing to the Plan on behalf 20 of the insurance companies for the 21 benefit of the S24(g) injunction. 22 I understand the cash 23 portion — at least I understand the 24 argument that the ACC is present</p>	<p>1 settled insurance company is the 2 injunction. The benefit to the 3 Trust, which if it, in effect, 4 purchases that protection, is the 5 Grace contribution, which Grace is 6 making on behalf of itself and 7 multiple other entities.</p> <p>8 BY MS. CASEY: 9 Q. The cash contribution? 10 A. Well, the entirety of the 11 contribution. There is cash; there is 12 notes; there is warrant; there is 13 insurance; and there is the Grace 14 Estate's claim against Fresenius and 15 Sealed Air.</p> <p>16 You will recall that 17 Fresenius and -- the committee -- the two 18 committees, the PI and the PD committees, 19 brought claims against Sealed Air and 20 Fresenius on behalf of the Grace Estate. 21 So when those claims were settled, they 22 were not only settled by the entities 23 against which they were brought, namely, 24 Sealed Air and Fresenius, but, to the</p>

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE



In re: Chapter 11

W.R. GRACE & CO., et al., Case No. 01-1139 (JKF)
Debtors-in-possession. Jointly Administered

**OBJECTIONS OF THE OFFICIAL COMMITTEE
OF ASBESTOS PERSONAL INJURY CLAIMANTS TO RULE 30(B)(6)
NOTICES OF DEPOSITION SERVED BY CERTAIN PLAN OBJECTORS**

Pursuant to Federal Rules of Civil Procedure 26 and 30, and Federal Rules of Bankruptcy Procedure 3020(b)(1), 7026, 7030, and 9014, the Official Committee of Asbestos Personal Injury Claimants ("ACC"), by and through its undersigned counsel, hereby objects as follows to the Rule 30(b)(6) notices of deposition (collectively, "Notices") served on the ACC by OneBeacon America Insurance Company, Seaton Insurance Company, Government Employees Insurance Company, Columbia Insurance Company f/k/a Republic Insurance Company, Fireman's Fund Insurance Company, Allianz S.p.A., f/k/a Riunione Adriatica di Scurta, the Libby Claimants, Maryland Casualty Company, Zurich Insurance Company, and Zurich International (Bermuda) Ltd.:

1. The ACC objects to the Notices to the extent they seek Rule 30(b)(6) testimony regarding legal conclusions, information prepared in anticipation of litigation, information obtained by or on behalf of counsel for the ACC in preparation for trial, information protected by the attorney-client privilege, information protected by the common-interest privilege, information protected by Federal Rule of Evidence 408, and/or information otherwise beyond the permissible scope of discovery as set forth in the Federal Rules of Civil Procedure, the Federal Rules of Evidence, the Federal Rules of Bankruptcy Procedure, or the rules of this Court.

2. The ACC further objects to the Notices to the extent they seek testimony and information protected by the work product doctrine. See Hickman v. Taylor, 329 U.S. 495, 511 (1947) (finding that the work product doctrine excludes from disclosure attorney statements, memos, correspondence, briefs, and mental impressions obtained or prepared by an attorney in anticipation of litigation); In re Grand Jury (Impounded), 138 F.3d 978, 981 (3d Cir. 1998); Tobacco & Allied Stocks, Inc. v. Transamerica Corp., 16 F.R.D. 537, 541-43 (D. Del. 1954) (stating that "pre-trial discovery does not call for the elicitation of contentions, opinions or legal conclusions of an attorney").

3. The ACC also objects to the Notices to the extent they seek testimony that would disclose communications in connection with negotiations of a plan of reorganization or draft plan documents. Courts in numerous asbestos-related bankruptcies have prohibited discovery into, and the disclosure of, such information. See In re Federal-Mogul Global, Inc., Case No. 01-10578 (JKF) (Bankr. D. Del. Feb. 26, 2007) (Hr'g Tr. at 31) (finding that draft plan documents are not properly discoverable); In re Pittsburgh Corning Corp., Case No. 00-22876 (JKF) (Bankr. W.D. Pa. Feb. 19, 2004) (Hr'g Tr. at 64-66) (finding that drafts of plan documents are not discoverable); In re ACandS, Inc., No. 02-12687 (RJN) (Bankr. D. Del. Sept. 30, 2003) (Hr'g Tr. at 42-45) (denying discovery into plan negotiations on the grounds that such discovery is irrelevant to the issue of good faith in proposing the plan); In re Babcock & Wilcox Co., No. 00-10992 (JAB) (Bankr. E.D. La. Aug. 20, 2003) (Hr'g Tr. 84) (denying insurers' motion to compel discovery on draft plan of reorganization documents and confidential plan of reorganization negotiations); In re Combustion Eng'g, Case No. 03-10495 (JKF) (Bankr. D. Del. May 2, 2003) (Hr'g Tr. at 301) (observing that "drafts generally are not relevant to anything"); In re Eagle-

Picher Indus., 169 B.R. 130, 134 (Bankr. S.D. Ohio 1994) (finding that creditors were not entitled to drafts of proposed plans of reorganization).

4. The ACC expressly reserves all other claims of privilege.
5. Subject to and without waiving any of its objections, the ACC designates the following witness pursuant to Rule 30(b)(6) of the Federal Rules of Civil Procedure: Peter Lockwood. The ACC will make Mr. Lockwood available for deposition on all topics designated by any plan objector for no longer than a total of eight (8) hours, on either May 1, 2009, or May 4, 2009.

[Signature of counsel on following page]

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*Counsel for the Official Committee
of Asbestos Personal Injury Claimants*

Date: April 17, 2009

WR GRACE & CO NEW

Filing Date: 04/06/08

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT PURSUANT

TO SECTION 13 OR 15(D) OF THE

SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported) April 6, 2008

W. R. GRACE & CO.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of Incorporation)

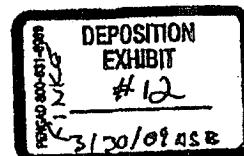
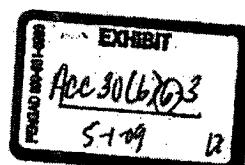
(Commission File Number)
7500 Grace Drive

1-13953

65-0773649
(IRS Employer Identification No.)
21044

Columbia, Maryland
(Address of Principal Executive Offices) (Zip Code)

(410) 531-4000



WR GRACE & CO NEW

Filing Date: 04/06/08

(Registrant's Telephone Number, Including Area Code)

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

W. R. GRACE & CO.

FORM 8-K

WR GRACE & CO NEW

Filing Date: 04/06/08

CURRENT REPORT

Item 7.01.

Regulation FD Disclosure.

On April 6, 2008, W. R. Grace & Co., on behalf of itself and its subsidiaries and affiliates that are debtors in the Chapter 11 cases, (the "Company") entered into an agreement in principle (the "Agreement") with the Official Committee of Asbestos Personal Injury Claimants, the Future Claimants Representative and the Official Committee of Equity Security Holders, all parties-in-interest in the Company's Chapter 11 case, that would settle all present and future asbestos-related personal injury claims against the Company on the terms and conditions set forth therein. Certain terms and conditions of the Agreement are described in the press release attached hereto as Exhibit 99.1. The description of the terms and conditions of the Agreement is qualified in its entirety by reference to the provisions of the Agreement attached hereto as Exhibit 99.2.

The information furnished pursuant to this Item 7.01, including Exhibit 99.1 and Exhibit 99.2, shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, (the "Exchange Act"), or otherwise subject to the liabilities of such section, nor shall such information be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Item 9.01.

Financial Statements and Exhibits.

(d) Exhibits

99.1

Press Release

99.2

Term Sheet for Resolution of Asbestos Personal Injury Claims dated as of April 6, 2008

WR GRACE & CO NEW

Filing Date: 04/06/08

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed by the undersigned, thereunto duly authorized.

W. R. GRACE & CO.
(Registrant)
By /s/ Mark A. Shelnitz
Mark A. Shelnitz
Secretary

Dated: April 7, 2008

3

WR GRACE & CO NEW

Filing Date: 04/06/08

Exhibit 99.1

Grace News #2919

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GRACE ANNOUNCES SETTLEMENT OF ASBESTOS PERSONAL INJURY CLAIMS

COLUMBIA, Maryland, April 7, 2008 -- W. R. Grace & Co. (NYSE: GRA) today announced an agreement in principle that would settle all present and future asbestos-related personal injury claims. The agreement, reached with the Official Committee of Asbestos Personal Injury Claimants, the Future Claimants Representative and the Official Committee of Equity Security Holders, requires the following assets to be paid into a trust to be established under Section 524(g) of the United States Bankruptcy Code:

Cash in the amount of \$250 million;

Warrants to acquire 10 million shares of Grace common stock at an exercise price of \$17.00 per share, expiring one year from the effective date of a plan of reorganization;

Rights to proceeds under Grace's asbestos-related insurance coverage;

The value of cash and stock under the litigation settlement agreements with Sealed Air Corporation and Fresenius Medical Care Holdings, Inc.; and

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Deferred payments at \$110 million per year for five years beginning in 2019, and \$100 million per year for ten years beginning in 2024; the deferred payments would be obligations of Grace backed by 50.1% of Grace's common stock to meet the requirements of Section 524(g).

The agreement in principle contemplates the filing of a plan of reorganization and related documents with the Bankruptcy Court. The plan will be subject to approval of its co-proponents, exit financing, and Bankruptcy Court and District Court approvals.

"This agreement in principle is a very important step in emerging from Chapter 11," said Fred Festa, Grace's Chairman, President and Chief Executive Officer. "In this challenging global marketplace, we need to be able to focus all of our efforts on increasing shareholder value and continued improvement in our core businesses. The agreement and the Plan of Reorganization that will be based on it will be good for our shareholders, customers, creditors, and our employees. A lot of work remains to be done before we can confirm a Plan of Reorganization, but I am optimistic we will be successful in reaching that goal by the end of this year or early in 2009."

1

"Also, I want to point out that the Plan of Reorganization will preserve all employee benefits. During the seven years we have been in Chapter 11, our people have nearly doubled Grace's sales and dramatically improved the core businesses. We look forward to final approval of our Plan of Reorganization when we can once again operate without the constraints of Chapter 11," said Festa.

* * * *

Grace is a leading global supplier of catalysts and other products to petroleum refiners; catalysts for the manufacture of plastics; silica-based engineered and specialty materials for a wide-range of industrial applications; sealants and coatings for food and beverage packaging, and specialty chemicals, additives and building materials for commercial and residential construction. With annual sales of more than \$3.1 billion, Grace has about 6,500 employees and operations in over 40 countries. For more information, visit Grace's web site at www.grace.com.

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Filing Date: 04/06/08

* * * * *

This announcement contains forward-looking statements, that is, information related to future, not past, events. Such information generally includes the words "believes," "plans," "intends," "targets," "will," "expects," "anticipates," "continues" or similar expressions. For these statements, Grace claims the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. Grace is subject to risks and uncertainties that could cause actual results to differ materially from those projected in the forward-looking statements or that could cause other forward-looking information to prove incorrect. Factors that could cause actual results to materially differ from those contained in the forward-looking statements include: Grace's bankruptcy, plans of reorganization proposed by Grace and others, Grace's legal proceedings (especially the Montana criminal proceeding and environmental proceedings), the cost and availability of raw materials and energy, Grace's unfunded pension liabilities, costs of environmental compliance, risks related to foreign operations, especially, security, regulation and currency risks and those factors set forth in Grace's most recent Annual Report on Form 10-K, quarterly report on Form 10-Q and current reports on Form 8-K, which have been filed with the Securities and Exchange Commission and are readily available on the Internet at www.sec.gov. Reported results should not be considered as an indication of future performance. Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date thereof. Grace undertakes no obligation to publicly release any revisions to the forward-looking statements contained in this announcement, or to update them to reflect events or circumstances occurring after the date of this announcement.

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Corporate Communications

W. R. Grace & Co.-Conn.

7500 Grace Drive

Columbia, MD 21044